



Risk Assessing the Gaming Sector

**Main ML/TF Risks within
the Land-Based and
Remote Gaming Sectors**

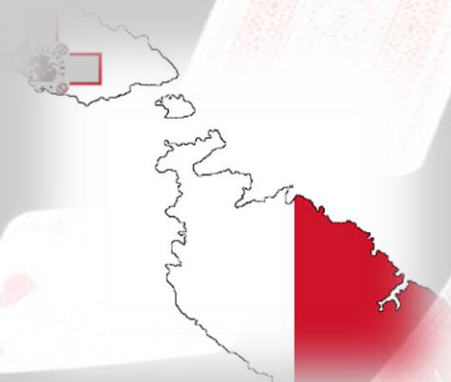
Jonathan Phyll

Legal Affairs





Why Assess and Understand Risk?



A country properly identifies, assesses and understands its money laundering and terrorist financing risks, and co-ordinates domestically to put in place actions to mitigate these risks.

(Immediate Outcome 1 – FATF Methodology 2023)

Financial institutions, DNFBPs and VASPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

(Immediate Outcome 4 – FATF Methodology 2023)

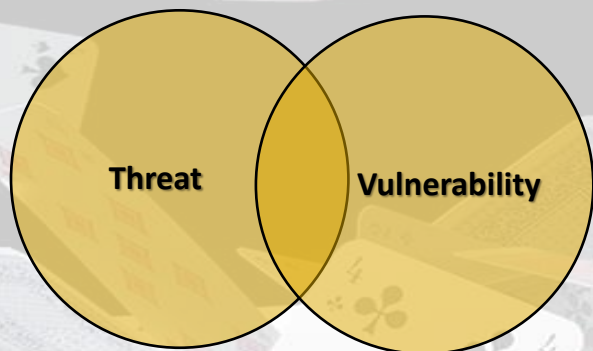


The Supranational Risk Assessment 2022

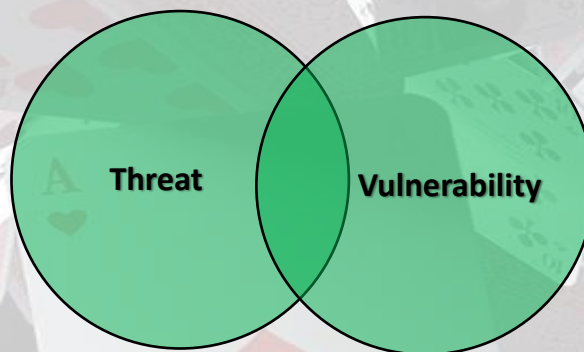
Land-based Operators (exc. Casinos)



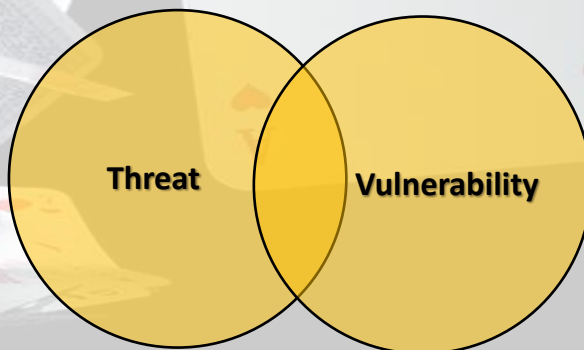
No change from 2019 to 2022



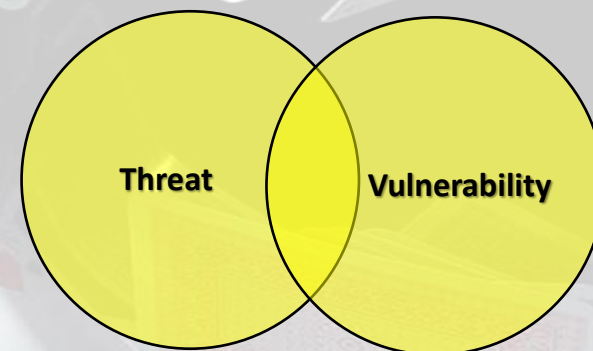
Betting



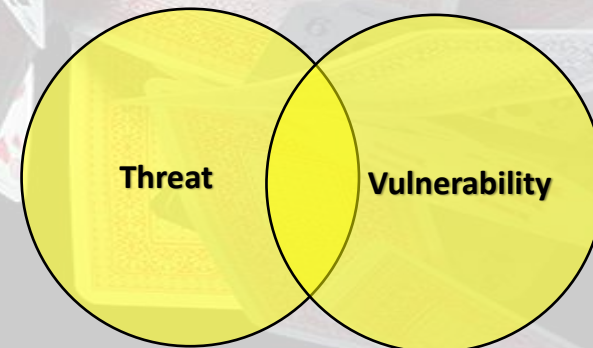
Bingo



Poker



Gaming Machines



Lotteries



The Supranational Risk Assessment 2022

Land-based Operators (exc. Casinos)



No change from 2019 to 2022

Predominant Threat

Infiltration / Ownership by
Organised Crime



Mitigating Measures

Effectiveness of Controls

- Ability to use cash/anonymous payment methods
- Speed of Transactions
- Reliance on Distribution Networks
- Absence of Feedback from Authorities
- Level of Player Anonymity



Vulnerabilities



The Supranational Risk Assessment 2022

Land-based Casinos



Improvement from 2019 to 2022



2019 SNRA
Money
Laundering

2022 SNRA
Money
Laundering

Same threats, vulnerabilities
and mitigating measures as
other land-based operators

**Why? View of Law
Enforcement Authorities**



The Supranational Risk Assessment 2022

Online Gambling



Increase in risk from 2019 to 2022

... notwithstanding an overall absence of cash within the system, operators' becoming obliged entities and vulnerabilities not unlike those of the land-based sector ...

WHY?
Crypto

2019 SNRA
Money
Laundering

2022 SNRA
Money
Laundering

2019 SNRA
Terrorist
Financing

2022 SNRA
Terrorist
Financing



The 2018 National Risk Assessment

MINISTRY OF FINANCE
RESULTS OF THE ML/TF NATIONAL
RISK ASSESSMENT

REPUBLIC OF MALTA

2018

Sectoral vulnerabilities reside primarily with international business activities, especially the relatively large banking, securities, gaming and DNFBP sectors.

Remote gaming is inherently vulnerable to ML due to the high number of customers ..., high volume of transactions ..., the nonface-to-face nature of the business, the high percentage of non-resident customers and the use of prepaid cards that are not linked to a bank account.

Certain remote gaming activities are more vulnerable than others. For instance, P2P and sports betting are more exposed than bingo or lotteries as they involve a transfer of value or predictable, low losses.

Results of the ML/TF National Risk Assessment (2018)



The 2018 National Risk Assessment

MINISTRY OF FINANCE
RESULTS OF THE ML/TF NATIONAL
RISK ASSESSMENT
REPUBLIC OF MALTA

2018

Sector	Sector vulnerability		Sub-sectors	Sub-sector vulnerability		
	Inherent	Residual		Inherent	Controls	Residual
Gaming	Medium-High	Medium-High	Land based gaming	Medium	Medium-low	Medium-Low
			Remote gaming	High	Low	High

Results of the ML/TF National Risk Assessment (2018)



The 2023(?) National Risk Assessment

Changes Impacting the Outcome of the New NRA

- Revised AML/CFT Framework esp. inclusion of B2C remote gaming operators as subject persons
- Enhanced regulatory activity by the FIAU & MGA and investment by Operators
- Introduction of new payment methods esp. crypto subject to robust supervisory controls
- Use of wider data sets to assess ML/TF threats and vulnerabilities:

Usual Sources:

Additional:

Operators, FIAU, MGA & Malta Police (investigations)

Malta Police & Attorney General (international)

- More granular data: FIAU & MGA



The 2023(?) National Risk Assessment

Most Common ML/TF Threats across Sectors

Cash & Cash-like Payment Methods

Land-based – Cash

Remote – Vouchers & E-wallets

Remote – Crypto

Remote – Outlets

Smurfing & Mules

Land-based – Walk-ins

Remote – Multiple/Linked Accounts

Unlicensed Activity



The 2023(?) National Risk Assessment

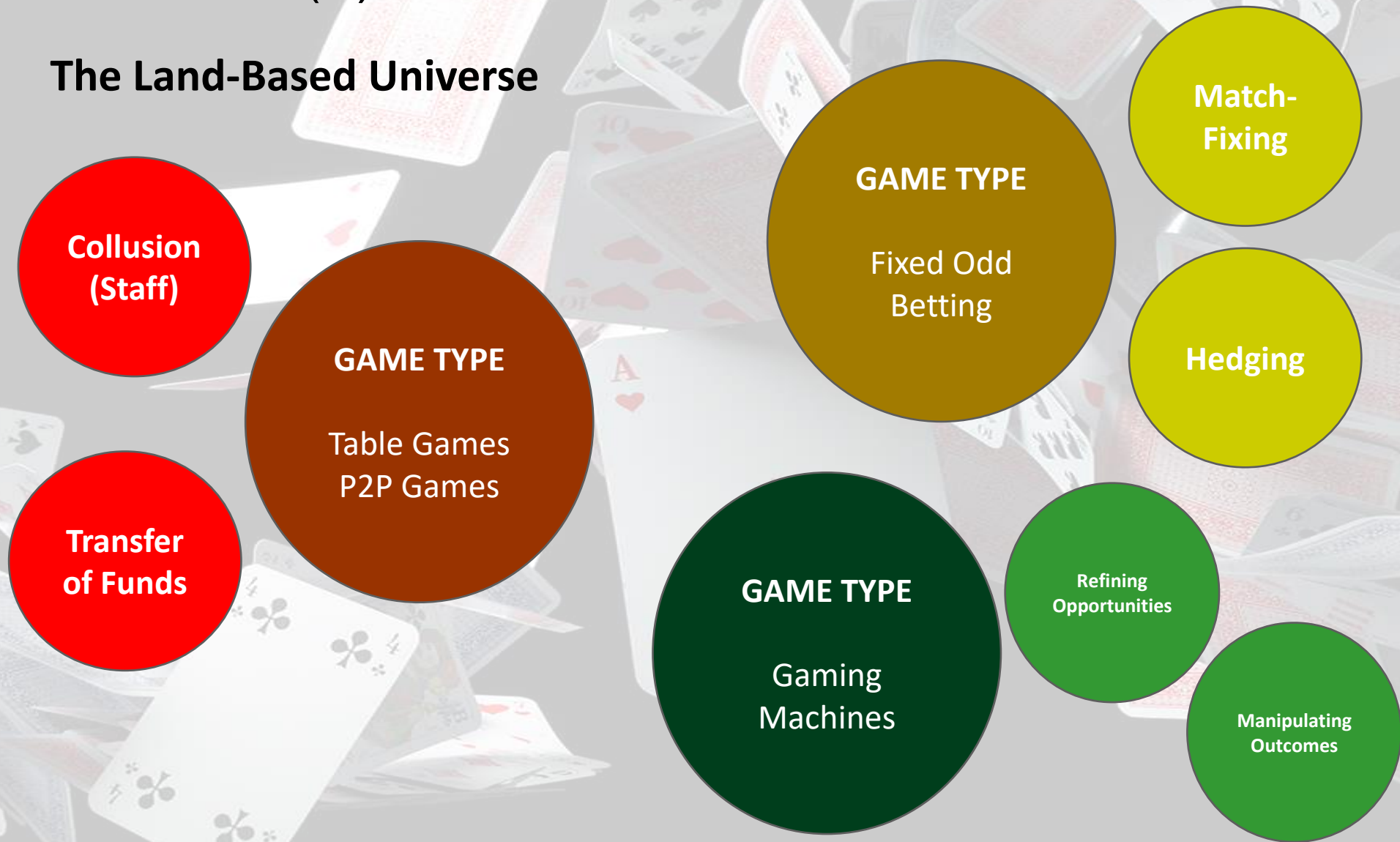
The Remote Gaming Universe





The 2023(?) National Risk Assessment

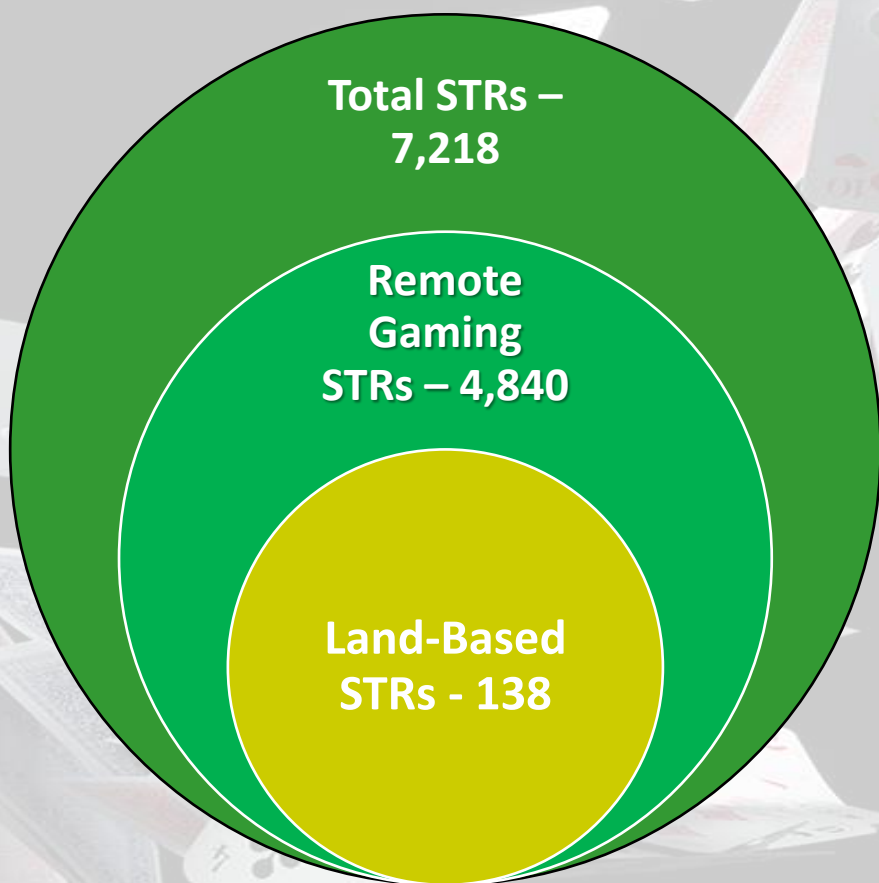
The Land-Based Universe





The 2023(?) National Risk Assessment

STR Reporting as a Gauge Risk – YE 2021



Trends from Remote Gaming Reporting



59 STRs - min 1 MLT resident



4,781 STRs - no MLT resident



Main reason for suspicion SOW/SOF issues



Suspected Predicate Offences
Fraud & Tax Crimes

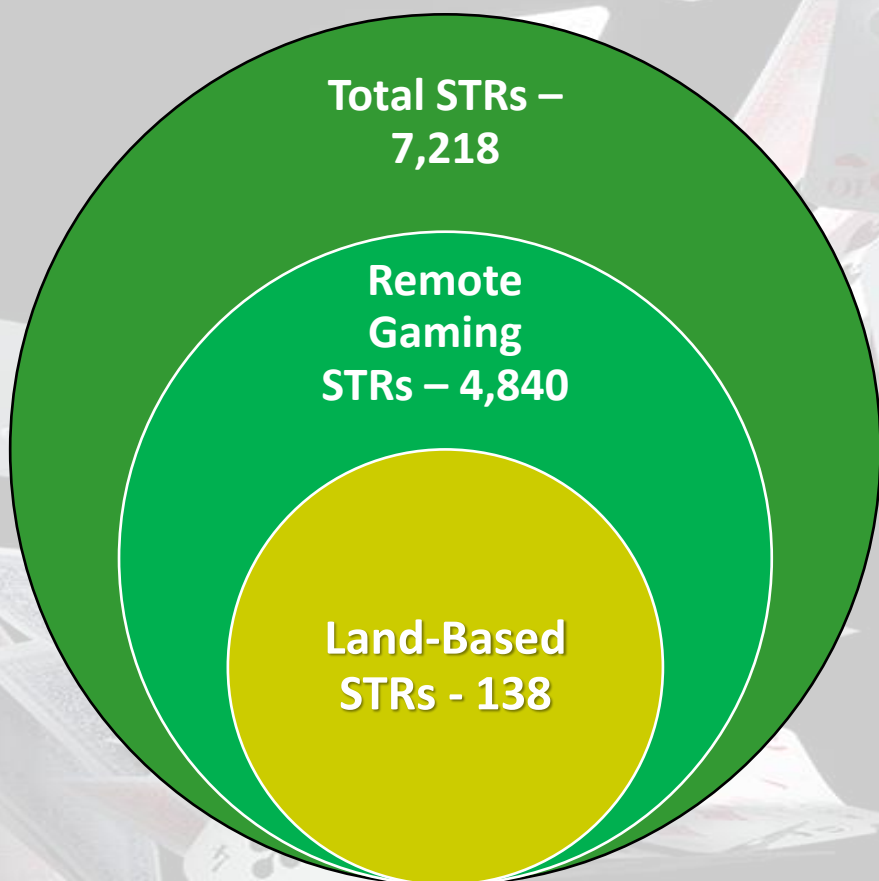


Main reporters – Betting (44%)
& Casinos (33%)



The 2023(?) National Risk Assessment

STR Reporting as a Gauge Risk – YE 2021



Trends from Land-Based Gaming Reporting



88 STRs - min 1 MLT resident



50 STRs - no MLT resident



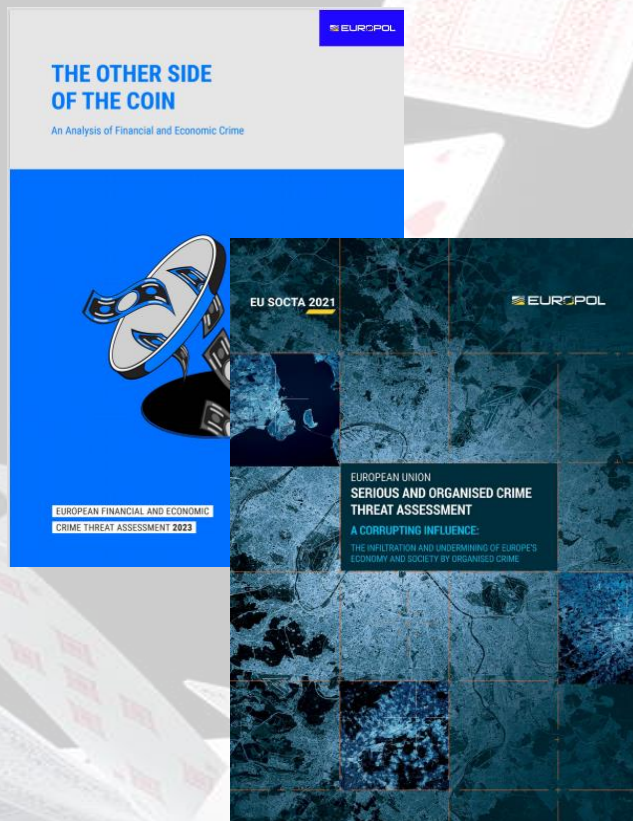
Main reason for suspicion SOW/SOF issues



Suspected Predicate Offences Unidentifiable



Additional Sources



Another popular obfuscation technique is channelling criminal proceeds into cryptocurrency gambling platforms, where criminals can claim to have gambling wins.

Match-fixing for betting-related and other reasons is a criminal activity enabled by corruption.

EUROPOL (2023): *The Other Side of the Coin*

Match fixers are likely increasingly targeting the fast developing e-sports market. There are indications of e-sport manipulation, including extraordinary surges in betting activity and the deposit of unusually large sums on a bet just ahead of e-sport matches.

EUROPOL (2021): *Serious & Organised Crime Threat Assessment*



Thank you!

We're here to help. Drop us a line on:

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